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1 UNITED STATES DISTRICT COURT
2 SOUTHERN DISTRICT OF NEW YORK

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3 UNITED STATES OF AMERICA,

4 v.

11 CR 666 (LAP)

5 HECTOR XAVIER MONSEGUR,

6 Defendant.

7 -----x

8 New York, N.Y.

9 May 27, 2014

11:00 A.M.

10
11 Before:

12 HON. LORETTA A. PRESKA,

13 District Judge

14
15 APPEARANCES

16 PREET BHARARA

United States Attorney for the

17 Southern District of New York

JAMES J. PASTORE, JR.

18 Assistant United States Attorney

19 FEDERAL DEFENDERS OF NEW YORK

BY: PEGGY CROSS-GOLDENBERG

20 PHILIP WEINSTEIN

21 Attorneys for Defendant

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(In the ceremonial courtroom)

THE DEPUTY CLERK: All rise.

THE COURT: Good morning, ladies and gentlemen. Won't you be seated.

United States v. Hector Monsegur.

Government ready?

MR. PASTORE: We are, your Honor, good morning.

Jim Pastore for the United States. Joining me at counsel table is Ilhwan Yum, of the FBI.

THE COURT: Good morning.

MR. YUM: Good morning.

THE COURT: Defense ready?

MS. CROSS-GOLDENBERG: Yes, your Honor, Federal Defenders of New York, by Peggy Cross-Goldenberg and Philip Weinstein.

THE COURT: Ms. Cross-Goldenberg, have you and your client had adequate time to review the presentence report?

MS. CROSS-GOLDENBERG: Yes, your Honor.

THE COURT: Is there any reason it should not be made part of the record?

MS. CROSS-GOLDENBERG: No, your Honor.

THE COURT: Are there any objections to the presentence report?

MS. CROSS-GOLDENBERG: No, your Honor.

THE COURT: Thank you.

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1 With respect to the offense level computation, I
2 accept the findings of the presentence report set forth at
3 paragraphs 4 through 60, which conclude that a total offense
4 level of 35 is appropriate.

5 I do note that in paragraph 49 the citation to the
6 sentencing guidelines should be to Section 2B1.1(b)(1)(L).

7 With respect to the defendant's criminal history, I
8 accept the findings of the presentence report set forth at
9 paragraphs 61 through 66, which conclude that a criminal
10 history category of one is appropriate.

11 Counsel, I have the defense sentencing memorandum
12 dated May 23, 2014. And I have the government's sentencing
13 memorandum dated May 23, 2014.

14 Are there any additional written materials I should be
15 looking at?

16 MS. CROSS-GOLDENBERG: No, your Honor.

17 MR. PASTORE: No, your Honor.

18 THE COURT: Very well, then. Ms. Cross-Goldenberg,
19 would you like to speak on behalf of the defendant?

20 MS. CROSS-GOLDENBERG: Thank you, your Honor.

21 It is our privilege to have the opportunity to speak
22 on behalf of Mr. Monsegur this morning. We've never been
23 witness to a case like this. Mr. Monsegur and the assistance
24 that he provided, both, are truly extraordinary.

25 We agree with the recommendation of probation that a

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1 sentence of time served is appropriate in this case.

2 Mr. Monsegur viewed the internet as a tool that could
3 be used to increase accountability and freedom.

4 During the Arab Spring, for example, when he learned
5 that other countries were cutting off internet access, he did
6 what he could to help restore access and circumvent
7 restrictions so activists could stay connected.

8 He also hoped to use the internet to raise awareness
9 of his fellow citizens, and to increase the accountability of
10 the government and its contractors.

11 Of course, for all of the technical sophistication of
12 their work, he and some of his internet cohorts demonstrated a
13 level of immaturity exhibited by leaving behind some
14 lighthearted calling cards letting system administrators know
15 that they had been able to pass through a security opening in
16 the system.

17 They did some things designed to get laughs, like
18 posting an article on a news website about alleged current
19 whereabouts of a very much alive rapper, Tupac Shakur.

20 And some of Mr. Monsegur's conduct was motivated by
21 desperation. For example, in his struggle to support his two
22 young cousins who were in his custody, he used account
23 information that he had obtained on line to pay some household
24 bills. As with many types of cases covered by the United
25 States Sentencing Guidelines, Section 2B1.1, the guidelines

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1 here are not really a fair representation of the harm caused by
2 Mr. Monsegur's activities. Yes, the value charged to
3 strangers' accounts and damage that he did, without permission,
4 should be fairly attributed to him. But much of the dollar
5 amount in the loss calculations in the presentence report, as
6 your Honor just referred to, includes money to fix security
7 holes that Mr. Monsegur did not cause. He did not break the
8 systems, he revealed vulnerabilities. These systems needed
9 fixing anyway, regardless of his actions.

10 But, your Honor, I'm not here today to argue about the
11 guidelines. And that is because on June 7, 2011, Mr. Monsegur
12 made a whole-hearted commitment to making up for his conduct.
13 From the moment agents knocked on his door, he put his family
14 first. He knew that if he was detained following his arrest,
15 his two young cousins would be taken from his custody and
16 placed with strangers.

17 As the government's papers made clear, the timeliness
18 of Mr. Monsegur's decision to cooperate was critical to the
19 ultimate success of his cooperation. Before he discussed the
20 pros and the cons and the costs and benefits of cooperation
21 with an attorney, he fully committed to working with the agents
22 who came to his home. And as the government submission
23 details, the nature and extent of Mr. Monsegur's cooperation
24 was great.

25 He reviewed footprints of past computer intrusions and

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1 explained the steps that had been taken to agents. He reviewed
2 chat logs, verifying his participation and placing different
3 conversations in context. He resumed his on-line activities
4 and passed along new information that he obtained.

5 He also confessed to conduct that the government was
6 unaware of and, likely, never would have been able to prove.
7 This of course dramatically increased his sentencing exposure.

8 Because of his on-line name recognition, people wanted
9 to work with him. When people around the world identified
10 vulnerabilities, they passed them along to Mr. Monsegur,
11 whether because they were bragging about their discoveries or
12 because they wanted his stamp of approval.

13 Some of these vulnerabilities were simply open doors
14 in computer systems that people intended to walk through for
15 laughs. Because of Mr. Monsegur's work, these doors were able
16 to be closed before anyone could walk through them.

17 But others were vulnerabilities that could have been,
18 and in some instances were intended to be exploited with
19 disastrous consequences. For example, individuals revealed to
20 Mr. Monsegur that they had discovered a vulnerability in the
21 water supply system of a major U.S. city that would have
22 allowed for the disruption and contamination of that system.

23 Another example is the vulnerability that individuals
24 revealed that would have permitted a takeover in the supply and
25 distribution chain of a foreign energy supply company. The

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1 disastrous consequences of these takeovers were avoided due to
2 Mr. Monsegur's extraordinary assistance.

3 Indeed, as the government detailed in its submission,
4 Mr. Monsegur helped avoid over 300 intrusions. In doing so he
5 strengthened the security of agencies such as the United States
6 Congress, the United States Courts, other government agencies,
7 as well as private companies.

8 It is impossible to quantify the savings that resulted
9 from his actions, but the government estimates that he helped
10 save many millions, if not billions of dollars.

11 Mr. Monsegur did all of this, your Honor, at great
12 cost and risk to him and his family. For months, he worked
13 around the clock. Many of the people he interacted with on the
14 internet were overseas. And the time differences required Mr.
15 Monsegur to be on line at all hours of the night.

16 The government tracked everything he typed with a key
17 logging program. There was a camera installed in his house to
18 monitor all of his activities. For 9 months, he kept up this
19 around-the-clock pace. He gave everything that he had. And
20 then on March 6, 2012, the world became a much more dangerous
21 place for him and his family. The government used the
22 information he had provided to arrest LulzSec co-conspirators,
23 as well as others, and then decided to publicize his
24 cooperation to capitalize on the deterrent effect of announcing
25 his cooperation.

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1 Law enforcement decided that the deterrent value of
2 announcing his cooperation was greater than the value of his
3 continued proactive cooperation. As the Court knows, paperwork
4 regarding cooperation usually is unsealed only on the eve of a
5 trial at which testimony is required, or on the eve of the
6 cooperator's own sentencing. And in many cases, because most
7 cases are resolved with a guilty plea the cooperation is never
8 publicly revealed and some sentencing proceedings and even some
9 complete dockets remain under seal. This could have been such
10 a case, because all of Mr. Monsegur's co-conspirators, all of
11 the co-conspirators, pled guilty without a trial. But the
12 government sought the added deterrent of making his cooperation
13 public. It was not just the fact that his cooperation, it was
14 the fact his cooperation was revealed. Law enforcement
15 revealed details of his cooperation and his arrest that were
16 known only to Mr. Monsegur and the agents.

17 The morning after his cooperation was revealed, his
18 face and his story were plastered all over the internet. It
19 was not even safe for him to go home. And Mr. Monsegur and
20 some of his family had to be relocated. People in his
21 neighborhood may not have known the details of this case.
22 Indeed most of those who were arrested were arrested overseas.
23 But many had a strong objection to the concept of cooperation
24 with law enforcement.

25 While the details of his work may not have trickled

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1 down to the streets, the fact that he was a snitch certainly
2 did. This, alone, exposed Mr. Monsegur and his family to
3 danger. They were threatened in retaliation for his
4 cooperation. His brother was physically assaulted.

5 The press was relentless. For example, a reporter
6 followed his young cousins into their elementary school in
7 clear violation of the school security policy to question them
8 about Mr. Monsegur and the case. And it was not just that the
9 publicity was unwelcome or embarrassing, it was really
10 dangerous. One of Mr. Monsegur's former employers received a
11 voicemail message threatening Mr. Monsegur. A magazine cover
12 story detailing his family history and his cooperation was
13 published. And while Mr. Monsegur was at the MCC, that story
14 made the rounds within the institution. This exposed him to
15 serious danger.

16 The publicity also threatened the girls. The morning
17 after Mr. Monsegur's cooperation was publicly revealed, he
18 received a phone call. And the agency that oversaw the girls
19 foster care placement threatened to take them away from Mr.
20 Monsegur and place them with strangers. It is impossible to
21 put into words the terror, the fear that ran through the entire
22 family as we all traveled together to the agency that morning
23 to plead that the girls be permitted to remain with family.

24 Luckily, after hours of closed-door meetings, the
25 agency agreed to accelerate the return of the girls to their

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1 mother's custody. As the Court knows, Mr. Monsegur was
2 detained at the MCC from May through December of 2012. Despite
3 the attention and the danger generated by his cooperation, Mr.
4 Monsegur attempted to make the most of his time at the MCC. He
5 read. He planned. And he taught. He used his skills to help
6 other incarcerated individuals. He designed a course on
7 computing essentials. He knew that the job prospects for
8 formerly-incarcerated individuals were bleak, especially when
9 they didn't have up-to-date computer skills. So he designed a
10 course to teach the very basics, as well as some simple system
11 troubleshooting, and some simple software use.

12 Since his release in December of 2012, he's continued
13 to focus on his family. He cares for sick family members and
14 remains an important part of the girls' lives. But he despairs
15 when he thinks of what he put his family through. When he
16 thinks about their personal information being distributed on
17 line, about the dangers that he placed them in, they and he
18 will live with the consequences of his actions forever.

19 Through the great personal cost to Mr. Monsegur,
20 though, came tremendous benefit to the government. By any
21 measure, your Honor, whether it is dollars, time, energy, level
22 of information, crisis averted, by any measure, Mr. Monsegur
23 has more than made up for his actions.

24 By any measure of the factors contained in Title 18
25 United States Code 3553(a), no further period of incarceration

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1 or supervision is necessary. In light of the nature and
2 circumstances of his offense, his own personal history and
3 characteristics, the severe punishment he already has faced,
4 much of it not contemplated by the guidelines, and in light of
5 his full compliance with the conditions of his release over the
6 past 18 months, any further term of incarceration or
7 supervision would be greater than necessary to effect the
8 statutory sentencing objectives.

9 Because of his cooperation, there is no truly
10 similarly-situated defendant to whom his sentence can be
11 compared. But a sentence of time served would not create any
12 unwarranted sentencing disparities. His LulzSec
13 co-conspirators received sentences ranging from probation to
14 30 months incarceration. This Court provided over another
15 affiliated case that resulted in a higher sentence, but the
16 Court is aware that there were distinctions between the cases
17 that warranted the disparity in sentences.

18 By any of the measures contained in the United States
19 Sentencing Guidelines Section 5K1.1, a sentence of time served
20 is the just and appropriate sentence. Mr. Monsegur's
21 cooperation was timely. It was significant. It was truthful.
22 It was extensive. And it was done at great risk of retaliation
23 and danger to him and his family.

24 In the presentence report, probation recognizes his
25 valuable and significant assistance in recommending a sentence

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1 of time served.

2 Your Honor, Mr. Monsegur's cooperation was
3 extraordinary in every way. For all of these reasons, we
4 respectfully request that the Court impose a sentence of time
5 served.

6 Thank you, your Honor.

7 THE COURT: Thank you.

8 I guess I should ask, before I ask Mr. Monsegur to
9 speak, if the government now moves.

10 MR. PASTORE: Yes, your Honor. Most of what I have to
11 say is in our submission. I do want to highlight a few points.

12 First, I agree with defense counsel. It is difficult
13 to fully quantify Mr. Monsegur's cooperation, whether solely by
14 the number of prosecutions, or by the number of hacks that he
15 helped prevent.

16 At the time of his arrest, he was uniquely situated,
17 really, to provided singular insight into anonymous LulzSec and
18 other significant cyber criminals.

19 Through Monsegur's cooperation, law enforcement gained
20 a better understanding of how those hacker collectives
21 operated. Through Mr. Monsegur's cooperation, law enforcement,
22 both domestically and abroad, was able to unmask and prosecute
23 a number of significant cyber criminals. And through Mr.
24 Monsegur's cooperation, we were able to thwart all together or
25 mitigate harm from hundreds of hacks.

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1 In terms of Mr. Monsegur's truthfulness, he provided
2 information to the government about a number of activities that
3 the government was not aware of and not investigating. And
4 that did substantially increase his guidelines exposure, as
5 opposed to a situation where he chose simply to plead guilty
6 and not cooperate.

7 And, finally, I do want to emphasize the personal risk
8 that Mr. Monsegur took, not only upon himself but on his
9 family. Defense counsel has touched on some of those
10 incidents. But it is difficult to capture the around-the-clock
11 operation that this really was.

12 Mr. Monsegur would chat on line with individuals at
13 the direction of law enforcement. And then he would meet with
14 law enforcement afterwards to do a full debrief on exactly who
15 each of those individuals were, what he knew about them, and
16 how they fit into the overall picture of LulzSec and the other
17 cyber crimes that he provided information about.

18 Through his cooperation, we averted untold millions of
19 dollars in loss to victims. And we also averted potential
20 really catastrophic problems with critical infrastructure. So
21 for that reason, the government now moves, pursuant to Section
22 5K1.1 of the guidelines for a downward departure and also
23 pursuant to Title 18 United States Code Section 3553(e) for
24 relief from the mandatory minimum.

25 THE COURT: The government's motion is granted.

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1 As the government sets out in its submission, Mr.
2 Monsegur's cooperation was truly extraordinary.

3 As to the significance and usefulness of his
4 assistance, the government characterizes his cooperation as
5 extraordinarily valuable and productive.

6 The government notes that Mr. Monsegur provided,
7 "unprecedented access to LulzSec." As counsel pointed out, Mr.
8 Monsegur was singularly able to provide sophisticated and
9 complex assistance to the government.

10 His assistance allowed the government to pierce the
11 secrecy surrounding the group, to identify and locate its core
12 members and, successfully, to prosecute them.

13 As pointed out by counsel, Mr. Monsegur's assistance
14 allowed the government to understand better the hacker
15 cooperatives, to understand and analyze the footprints of prior
16 computer intrusions, and as Ms. Cross-Goldenberg pointed out,
17 to reveal to the government and, thus, close the doors to
18 various, numerous, in fact, vulnerabilities that had been
19 identified by the hacking community.

20 As Ms. Cross-Goldenberg pointed out, this averted
21 compromise of the water supply of a major United States city,
22 the takeover of a supply and distribution channel of a foreign
23 energy company.

24 As the government and Ms. Cross-Goldenberg also point
25 out, Mr. Monsegur's cooperation was truly extraordinary because

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1 of the around-the-clock nature of it at the outset. As pointed
2 out in the papers, the organization apparently had protocols in
3 place that would require the destruction of certain information
4 if members were off line for a certain period of time.

5 And the fact that Mr. Monsegur immediately chose to
6 cooperate and went back on line, prevented the destruction of
7 all of that material and allowed the extraordinary cooperation
8 that the government details in its papers.

9 So in this instance, the immediacy of Mr. Monsegur's
10 cooperation and its around-the-clock nature was particularly
11 helpful to the government. As to the truthfulness,
12 completeness, and reliability of Mr. Monsegur's cooperation,
13 the government notes that he presented as, "fully candid and
14 admitted not only to crimes about which the government had
15 gathered evidence, but also crimes about which the government
16 had not previously gathered evidence."

17 As noted by counsel, those admissions dramatically
18 increased Mr. Monsegur's guidelines level. The government also
19 evaluates Mr. Monsegur's cooperation as consistently reliable
20 and complete, corroborated by documents and electronic files,
21 as well as statements from other witnesses.

22 The government also notes that Mr. Monsegur has been
23 cooperating with law enforcement for approximately three years,
24 and notes that he provided substantial historical cooperation
25 as well as substantial proactive cooperation, and was prepared

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1 to testify as needed.

2 The government also notes, however, that with the
3 exception of one individual, Mr. Monsegur's cooperation, "no
4 doubt played a significant role in securing several of [the]
5 guilty pleas," of related individuals.

6 Finally, as to the risk and danger associated with Mr.
7 Monsegur's cooperation, I must say this is also an
8 extraordinary case for that reason. As detailed by Ms.
9 Cross-Goldenberg, it is quite unusual for the government to
10 publicize cooperation and particularly at such an early stage.
11 As Ms. Cross-Goldenberg pointed out, usually the cooperation is
12 only disclosed prior to the trial of the co-defendant, or at
13 the sentencing of the actual cooperating defendant, and
14 sometimes not even then. But as contained in Ms.
15 Cross-Goldenberg's papers, the government issued a lengthy
16 press release at the time of the arrest of a number of the
17 related defendants, trumpeting Mr. Monsegur's cooperation. He
18 has quite graphically discussed the fall-out from that
19 publicity.

20 But I note, first, that it is very, very unusual.
21 Secondly, I don't think there is any question that Mr. Monsegur
22 and his family were subject to threats, assaults, and all
23 manner of danger, to the extent that Mr. Monsegur and members
24 of his family have been relocated.

25 Ms. Cross-Goldenberg has also related the danger of

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1 the young girl cousins being removed to family protective
2 services, and the extraordinary efforts she and her team went
3 through to keep the girls with a family member. So I certainly
4 take that into account.

5 And for all of these reasons, find that Mr. Monsegur's
6 entitled to a downward departure.

7 Ms. Cross-Goldenberg, did you wish to add anything
8 more before I ask Mr. Monsegur if he wishes to speak?

9 MS. CROSS-GOLDENBERG: No, your Honor.

10 THE COURT: Thank you.

11 Sir, do you wish to speak?

12 THE DEFENDANT: Yes, your Honor.

13 THE COURT: Would you do so now, please?

14 Stand up, speak out. The mic will pick you up.

15 THE DEFENDANT: Good morning, your Honor.

16 THE COURT: Good morning, sir.

17 THE DEFENDANT: The last three years, I have gone
18 through a lot of changes, learned a lot of lessons. I came a
19 long way -- yeah, I came a long way. I have had to do a lot of
20 thinking and soul searching and evolving, psychologically,
21 emotionally. One of the things I realized is that I hurt my
22 family the most, my friends, and victims in the case. And
23 I have gained such regret for even putting anyone through this.
24 I assure you I will not be in this courtroom ever again. I --
25 I'm not the same person you saw three years ago. I'm ready to

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1 move on.

2 That's it, thank you.

3 THE COURT: Yes, sir, thank you.

4 Does the government wish to be heard?

5 MR. PASTORE: No, your Honor. Nothing further.

6 THE COURT: Very well, then.

7 If there are any victims in the courtroom who would
8 like to be heard, would you come forward, now.

9 Seeing none.

10 Thank you, ladies and gentlemen.

11 Counsel, as you have heard, I have calculated the
12 guidelines and certainly consider them in this sentencing. And
13 as Ms. Cross-Goldenberg pointed out, the crimes which Mr.
14 Monsegur confessed to, of which the government previously had
15 no knowledge, contributed significantly to the increase in his
16 guidelines sentencing level. But, nevertheless, I take that
17 into account and find that the guidelines accurately describe
18 the nature and circumstances of the offense.

19 In so doing, though, I do observe that the amount of
20 the loss and damage is in great part attributable to the
21 vulnerabilities that were present in the systems which were
22 hacked. That doesn't excuse what was done, but I do make that
23 observation.

24 With respect to the history and characteristics of the
25 defendant, of course Mr. Monsegur is in criminal history

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1 category I, the lowest category. But, as we've heard here
2 today from counsel, that does not begin to describe the man who
3 is being sentenced.

4 I do note, at the outset, Mr. Monsegur's extreme care
5 for his young cousins. And this was throughout the time when
6 their mother was absent, a time prior to his arrest, and
7 described great devotion of Mr. Monsegur. That he was able to
8 continue that high level of devotion at a time when he was
9 under so much personal stress, is a great tribute to him. But
10 the major driving force in this sentencing is of course the
11 extraordinary cooperation which Mr. Monsegur provided.

12 As I have mentioned, the timeliness of his decision to
13 cooperate was crucial in permitting the cooperation to thwart
14 attacks that might take place and in permitting the government
15 to identify and locate other co-conspirators. That he
16 continued that cooperation for extraordinary time periods. And
17 of course I don't rely merely on the three years, but on the
18 virtual around-the-clock cooperation where Mr. Monsegur was
19 sitting with agents, around the clock, to talk with hackers
20 from around the world. It was truly extraordinary. We don't
21 often hear of this.

22 Aside from the timeliness and the extent of Mr.
23 Monsegur's cooperation, the fact that he was able to lend his
24 skills to the government in an effort to identify perpetrators
25 and so very importantly to thwart attacks on American cities,

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1 and energy distribution, various arms of the United States
2 government, is truly extraordinary. So, to me, that personal
3 characteristic of turning on a dime and doing good and not evil
4 is the most important factor in this sentencing.

5 As among the paragraph two factors, the most important
6 factors, in my view, are public deterrence and unwarranted
7 sentencing disparities.

8 I certainly take to heart the thought that a lengthy
9 sentence of incarceration would deter others. However, in this
10 instance, in light of Mr. Monsegur's cooperation, which is
11 truly extraordinary, a lengthy sentence is much more than what
12 is required to fulfill the sentencing guidelines.

13 I do note that as set out in counsel's papers, other
14 perpetrators in this scheme have received substantial
15 sentences.

16 With respect to unwarranted sentencing disparities, in
17 light of Mr. Monsegur's personal characteristics, particularly
18 his extraordinary cooperation, any perceived sentencing
19 disparity is, in my view, well warranted.

20 Taking all of those factors into account, then,
21 counsel, it is my intention to sentence Mr. Monsegur to time
22 served, followed by a period of one year of supervised release
23 on each count, to run concurrently.

24 As I understand it, the Government is going to provide
25 additional information on restitution; is that right?

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1 MR. PASTORE: That's correct, your Honor.

2 THE COURT: Within the 90 days.

3 MR. PASTORE: Yes, your Honor.

4 And as to forfeiture, we have not located any assets
5 of the defendant, so we're not seeking it at this time.

6 THE COURT: Very well, then.

7 And, finally, it is my intention to impose the
8 mandator \$1200 special assessment.

9 Counsel, is there any reason such a sentence should
10 not be imposed?

11 MS. CROSS-GOLDENBERG: No, your Honor.

12 MR. PASTORE: No, your Honor.

13 THE COURT: Very well, then.

14 Mr. Monsegur, you're sentenced, sir, to a period of
15 time served, followed by a period of one year of supervised
16 release.

17 During that time, you have to comply with all of the
18 standard terms and conditions of supervised release. Among
19 them are that you not commit another federal, state, or local
20 crime; you not illegally possess a controlled substance; and
21 you not possess a firearm or other destructive device.

22 Counsel, I'm sorry, I neglected to say that it's my
23 intention to impose the recommended special conditions of
24 search, and consent to a computer monitoring program.

25 Is there any objection to that?

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1 MS. CROSS-GOLDENBERG: No, your Honor.

2 MR. PASTORE: No, your Honor.

3 THE COURT: Very well, then.

4 Sir, during the period of supervised release, you will
5 submit your person, residence, place of business, vehicle, or
6 other premises under your control to a search on the ground
7 that the probation officer has reasonable belief that
8 contraband or evidence of a violation of the terms and
9 conditions of your release may be found there.

10 The search must be conducted at a reasonable time and
11 in a reasonable manner. Failure to submit to such a search
12 might be grounds for revoking your supervised release.

13 It will be your obligation to inform other residents
14 of the premises that that premises may be subject to a search,
15 under this condition.

16 As I mentioned, counsel will provide information
17 relating to restitution within 90 days. But at this point, I
18 must impose and do impose the \$1200 special assessment. And
19 that should be paid promptly.

20 It's my duty to inform you, sir, that unless you have
21 waived it, you have the right to appeal this sentence. And you
22 might have the right to appeal in forma pauperis, which means
23 as a poor person, with the waiver of certain fees and expenses.

24 Counsel, is there anything further?

25 MR. PASTORE: Yes, your Honor. At this time, the

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1 government moves to dismiss the underlying indictments and open
2 counts. And in particular, we move to dismiss the indictments
3 in the related cases 11 CR 693, 694, 695, and 696.

4 THE COURT: So ordered.

5 Anything else, Ms. Cross-Goldenberg?

6 MS. CROSS-GOLDENBERG: It may not need to be addressed
7 now until we finalize the restitution, but we would request
8 that the restitution be ordered to be paid as a percentage of
9 Mr. Monsegur's monthly income.

10 THE COURT: All right.

11 MS. CROSS-GOLDENBERG: We would request 10 percent. I
12 don't know if we need to do that today or if we can handle
13 that --

14 THE COURT: Why don't do you it in your letter with
15 respect to restitution.

16 MS. CROSS-GOLDENBERG: Thank you, your Honor.

17 THE COURT: Mr. Monsegur, as we have heard -- that's
18 all right, that doesn't hurt, he can stand. That was a very
19 good thing to do.

20 MS. CROSS-GOLDENBERG: Yes.

21 THE COURT: I take it as a sign of great respect.
22 Thank you.

23 As we have heard, the things you did before were not
24 so good. I do appreciate you're saying, and heartily believe,
25 that we will not see you in this courtroom ever again. You

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1 obviously have great skill. To deploy that skill for good,
2 would be a very good thing. You have done as much as any human
3 being can do in terms of helping the government to make up for
4 your past wrongs and to avert other damage to probably millions
5 of people.

6 So I salute you for that. I salute you for your
7 teaching at the MCC. You seem to be on the right path. And I
8 look forward reading about your deploying your great skills for
9 good.

10 THE DEFENDANT: Thank you, your Honor.

11 THE COURT: Yes, sir.

12 Counsel, thank you for your assistance.

13 Good morning.

14 MS. CROSS-GOLDENBERG: Thank you, your Honor.

15 MR. PASTORE: Thank you your Honor.

16 (Adjourned)